



U.S. Department of Justice

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MEDIA RELEASE
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SINGAPORE EXECUTIVE ARRESTED IN CONNECTION WITH ENTERASYS
NETWORK SYSTEMS, INC. ACCOUNTING FRAUD SCHEME

CONCORD, NEW HAMPSHIRE: Peter E. Papps, Acting United States Attorney for the District of New Hampshire, and Assistant Attorney General Christopher A. Wray of the Criminal Division of the Department of Justice announced that Hor Chong ("David") Boey, a former executive of Enterasys Network Systems, Inc., was arrested on charges that he engaged in accounting fraud while working in the Singapore office of the computer network products company formerly based in Rochester, New Hampshire. The charges were contained in an Indictment that was handed down by a federal Grand Jury on May 19, 2004, and unsealed last week. Boey, a Malaysian national, was arrested earlier last week at an airport in Atlanta, Georgia, when he was detected attempting to enter the United States from abroad.

The charges in the Indictment stem from an alleged scheme to falsely inflate Enterasys' reported revenue for the purpose of, among other things, increasing or maintaining the market price of Enterasys stock. According to the Indictment, the scheme involved altering and backdating sales documents, entering into a secret side deal with a customer and making false and misleading statements in filings with the U.S. Securities and Exchange Commission, in company press releases and to the company's outside auditors. Boey is charged with four counts of securities fraud, five counts of wire fraud and one count of conspiracy.

Boey is the seventh former Enterasys executive publicly charged in the scheme. Enterasys' former Chairman, Chief Executive Officer and President and three other Enterasys executives already have entered guilty pleas in the case. Enterasys' former Chief Financial Officer, Robert J. Gagalis, and former Senior Vice President of Finance, Bruce D. Kay have also been charged and presently are scheduled for trial on December 7, 2001.

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Boey, age 49, has been detained since his arrest. A hearing to determine whether Boey will be detained until his trial is scheduled for November 23, 2001, in Atlanta. A trial date has not yet been set.

The maximum sentence associated with securities fraud is 10 years per count. The maximum sentences for conspiracy and wire fraud at the time of the offenses charged in the indictment was 5 years per count. In addition to incarceration, each of the offenses also carries the possibility of substantial criminal monetary penalties.

This case is being brought under the auspices of the President's Corporate Fraud Task Force. The investigation was conducted by the Federal Bureau of Investigation and the U.S. Postal Inspection Service and was coordinated with a civil investigation conducted by the SEC's Central Regional Office in Denver. The case is being prosecuted by Assistant United States Attorney William E. Morse, and, from the Department of Justice's Criminal Division, Fraud Section, Trial Attorney Michael Koenig and Senior Counsel for Securities Fraud Thomas Hanusik.

Acting United States Attorney Papps reminds the public that an indictment merely alleges that a crime has been committed and that all defendants are presumed innocent until proven guilty beyond a reasonable doubt.